

Prepared Statement of the Honorable David Garman
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U.S. Department of Energy
Subcommittee on Energy and Air Quality
Committee on Energy and Commerce
U.S. House of Representatives

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I am pleased to appear today before the Subcommittee as it considers comprehensive and balanced energy legislation. As you know, President Bush's National Energy Policy (NEP), issued in May 2001, contained 106 energy policy recommendations to modernize America's energy production and distribution systems, promote energy efficiency and conservation, strengthen our economy and create new jobs, and reduce our dependence on foreign sources of energy.

While the Administration has implemented nearly all of the NEP recommendations that could be addressed through administrative action, some of the most significant NEP recommendations require Congressional action. Despite the serious and significant efforts of many on this Committee and elsewhere in the Congress, the passage of energy legislation has thus far eluded us. The President, in his 2005 State of the Union Address, repeated his call for Congress to pass energy legislation, and we are pleased to see the Subcommittee moving ahead quickly.

General Principles

The Administration believes that a comprehensive energy policy must address six general objectives to ensure the Nation's continued growth and prosperity:

- First, we should encourage conservation of our energy resources by promoting greater energy efficiency in the production and use of energy.
- Second, we must increase our overall energy supply, with an emphasis on domestic supply. Too often, the energy debate pits energy conservation and efficiency against the need for increased supply. The fact is, we need both.
- Third, to ensure energy security, we must maintain a diversity of fuels from a multiplicity of sources. There is not, and will not be, a "silver bullet" that meets our energy needs.

- Fourth, we must encourage the modernization of our energy infrastructure so as to more efficiently and reliably deliver energy from the source to the consumer.
- Fifth, these energy production, consumption and conservation goals must be accomplished while building on our successful record of environmental protection.
- Sixth, realizing that our energy challenges will extend beyond the next two decades, we should also provide a vision of the future in which solutions to these challenges will transform our energy future.

With those general principles in mind, let me now outline a few of the specific provisions that energy legislation should contain.

Energy Efficiency

To promote energy efficiency and the conservation of our energy resources, we support many of the provisions in the energy efficiency titles of the bills considered by both the House and the Senate during the last Congress. For example, we share the view that the Federal Government, the largest single user of energy in the nation, should “lead by example” in using energy more efficiently, and the Federal Government should be encouraged to do so. Energy efficiency programs such as the Low Income Weatherization Assistance Program, the Energy Star program, and the appliance efficiency standards program have demonstrated their value, and should be continued and, where appropriate and cost-effective, expanded. In addition, the President’s 2006 Budget includes \$4.8 billion over 10 years in tax incentives for renewable energy and energy efficient technologies, such as hybrid and fuel cell vehicles.

Energy Supply from a Variety of Sources

To promote increased energy supply, we believe a multifaceted approach is warranted. For example, we support provisions to open the coastal plain of the Arctic National Wildlife Refuge to exploration and, if oil is determined to be present, environmentally responsible development and production. Had we opened the coastal plain to development nearly ten years ago as Congress had sought, it is conceivable that new Alaskan oil reserves could be moving into the market today.

We also support the increased production of renewable energy, and were gratified to see that Congress last year provided an extension of the renewable energy production tax credit as the President had sought. We do not, however, support efforts to impose a national “one size fits all” renewable portfolio standard. We believe individual states are best suited to craft an RPS that meets their needs taking into account the renewable energy resource available in that state, and at least 18 states have already adopted an RPS in some form.

The Administration does support a renewable fuels standard to increase the use of clean, domestically-produced renewable fuels such as ethanol and biodiesel to reduce dependence on imported oil.

We also support the increased production of emission-free nuclear power, and would welcome many of the provisions in the legislation considered last Congress designed to revitalize nuclear power production. These include the provisions that would reauthorize the Price Anderson Act permanently or at least long-term, and clarify the tax status of nuclear decommissioning funds..

Upgraded Energy Infrastructure

Investment in our electricity grid has been hampered by, among other things, uncertainty in the regulatory realm. To provide the greater regulatory certainty that is needed to generate additional investment, we support provisions to provide open access to the transmission grid, repeal the Public Utility Holding Company Act and reform PURPA. We also support mandatory reliability standards to reduce the likelihood of widespread power outages such as the one we experienced two years ago. My colleague from the Federal Energy Regulatory Commission will elaborate on these proposals in greater detail, but let me stress the importance to grid reliability of continued research and development by the Department of Energy and its research partners in the labs, universities, and the private sector on new technologies, such as superconductivity, grid management and visualization tools, and distributed generation, just to name a few.

Environmental Protection and a Transformed Energy Future

President Bush believes that we can continue to improve the environment while expanding our energy use through the development and adoption of new technology. Thus, we strongly support research and development, demonstration and deployment of advanced clean energy technologies, such as hydrogen, clean coal, and fusion energy, in a manner consistent with the President's FY 2006 Budget proposals.

The President's FY 2006 Budget includes \$260 million for the Hydrogen Fuel Initiative to develop the technologies to produce, store, and distribute hydrogen for use in fuel-cell vehicles, electricity generation, and other applications. With complementary work ongoing under the FreedomCAR partnership, these efforts keep the Hydrogen Fuel Initiative on track for a 2015 commercialization decision by industry that could revolutionize personal transportation, provide consumers better performance and more choice, and significantly reduce environmental and energy security concerns.

The President's 2006 Budget also provides \$286 million for the President's Coal Research Initiative to improve the environmental performance of coal-fired power plants by reducing emissions and improving efficiency. This includes funding to continue development of the FutureGen coal-fueled, near zero-emissions electricity and hydrogen generation project announced by the President in February 2003. FutureGen involves an industry and international partnership that will work cooperatively on research,

development, and deployment of technologies that will dramatically reduce air pollution from coal-fueled electricity generation plants, generate hydrogen, and capture and store greenhouse gas emissions.

In January 2003, President Bush committed the United States to participate in negotiations on the largest and most technologically sophisticated energy research project in the world – the International Thermonuclear Experimental Reactor (ITER). The United States and its international partners – the European Union, Japan, Russia, China, and South Korea – continue to work toward a consensus decision on the site for ITER early in 2005. If successful, this cost-shared \$5 billion research project will advance progress towards developing fusion's potential as a commercially viable and clean source of energy near the middle of this century. Assuming that international partners reach a timely site decision, the \$50 million provided in the FY 2006 Budget funds the first year of equipment fabrication for the United States' in-kind contributions to this important partnership.

Conclusion

In his 2005 State of the Union Address, President Bush once again highlighted the need for reliable, affordable, and clean supplies of energy to keep our economy growing and to create new jobs. As the President said, “(f)our years of debate is enough: I urge Congress to pass legislation that makes America more secure and less dependent on foreign energy.”

Mr. Chairman, you have our commitment to work with you to enact energy legislation this year that is consistent with the President's policy.

I appreciate the opportunity to testify before you today, and I will be glad to answer any questions the Committee might have.